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C O N F I D E N T I A L SECTION 01 OF 04 BONN 08283

E.O. 11652: GDS
TAGS: PGOV, PINT, ECIN, EEWT, BQG, COMECON, UR, GE, GW
SUBJECT: USSR-GDR RELATIONS ON THE EVE OF THE BREZHNEV
VISIT TO BONN

REF: BONN 7967 (NOTAL)

SUMMARY. THE FRG EMBASSY IN MOSCOW BELIEVES TRADITIONAL
SOVIET MISTRUST OF THE GDR HAS INCREASED AS A RESULT OF
INTERNAL DEVELOPMENTS IN THE GDR OVER THE PAST YEAR.
IN A REPORT BY THE FRG EMBASSY ON USSR-GDR RELATIONS,
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PREPARED FOR THE INFORMATION OF FRG PARTICIPANTS IN THE
BREZHNEV VISIT TO BONN, THE GDR LEADERSHIP IS SEEN AS
FORCED BY CIRCUMSTANCES TO PURSUE ECONOMIC AND POLITICAL
POLICIES WHICH ARE BOUND TO CAUSE FRICTION WITH THE
SOVIET UNION. THE FRG REPORT, PASSED TO US AS A NON-
PAPER, IS PRIMARILY OF INTEREST BECAUSE OF THE INSIGHTS
IT GIVES INTO FRG PERCEPTIONS OF SOVIET AND GDR INTERESTS

AND FRG INTERACTION WITH THE SOVIETS IN MOSCOW. END
SUMMARY.

1. FOLLOWING IS THE TEXT, IN INFORMAL EMBASSY TRANSLATION, OF A CABLE SENT BY THE FRG EMBASSY IN MOSCOW ON THE STATUS OF USSR-GDR RELATIONS. PREPARED FOR THE INFORMATION OF FRG PARTICIPANTS IN THE IMPENDING BREZHNEV VISIT TO BONN, FRG PASSED IT TO US AS A NON-PAPER.

BEGIN TEXT

I. INTRODUCTION

WHEN SPEAKING ABOUT USSR-GDR RELATIONS, SOVIET LEADERS DO NO MORE THAN REPEAT RITUAL STATEMENTS SUCH AS THOSE MADE ON THE OCCASION OF OFFICIAL VISITS. THEIR DISCUSSIONS WITH GDR LEADERS ALWAYS RECEIVE, SECOND ONLY TO THOSE WITH THE BULGARIAN LEADERSHIP, THE MOST SUPERLATIVE LABELS, FOR EXAMPLE, "CORDIAL," "FRATERNAL ATMOSPHERE," "COMPLETE UNANIMITY OF VIEWS." THERE IS NO ANALYTICAL REPORTAGE IN THE SOVIET MEDIA OF THE USSR'S RELATIONSHIP WITH THE WARSAW PACT STATES. THE SUBJECT OF INTERNAL BLOC RELATIONS REMAINS ONE OF THE TABOOS OF SOVIET POLICY, REMOVED FROM CRITICAL PUBLIC EXAMINATION.

2. SOVIET DISCUSSION PARTNERS REACT EVASIVELY WHEN
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ASKED ABOUT THE SITUATION IN THE GDR, SOVIET-FRG RELATIONS, OR SOVIET-GDR RELATIONS. A TYPICAL REPLY WAS THE ONE GIVEN BY THE HEAD OF THE THIRD EUROPEAN DEPARTMENT (GERMAN AFFAIRS) OF THE SOVIET MFA, BONDARENKO, WHEN ASKED WHETHER THE SOVIETS WERE UNEASY WITH THE GREATER DEGREE OF COOPERATION WHICH HAS DEVELOPED BETWEEN THE GERMAN STATES. HIS ANSWER: THAT WOULD HAVE TO BE EXAMINED. QUESTIONED AS TO WHETHER SUCH AN EXAMINATION WAS CURRENTLY BEING MADE, HE LAUGHED, BUT DID NOT REPLY. NO SOVIET DISCUSSION PARTNER HAS YET BEEN WILLING TO TELL US MORE. EVEN MEDIA REPRESENTATIVES, WHO ARE OCCASIONALLY SOMEWHAT MORE FRANK, LIMIT THEMSELVES TO CLICHES WHEN TALKING ABOUT THIS SUBJECT. THE EDITOR OF "ISVESTIYA," FOR EXAMPLE, TOLD ME ON MARCH 1 THAT THERE HAD BEEN SOME FLUCTUATION IN THE PROCESS OF INTERNAL STABILIZATION OF THE GDR. HE ADDED THAT THE SOVIET UNION HAD A FUNDAMENTAL INTEREST IN AN ECONOMICALLY AND POLITICALLY STABLE GDR AND THAT FRG POLICY TOWARD THE GDR WOULD HAVE TO TAKE THIS FACT INTO ACCOUNT.

3. AS A MATTER OF COURSE, THE SOVIET UNION PAYS THE
CLOSEST ATTENTION TO ITS RELATIONS WITH THE GDR, IN-

TERNAL DEVELOPMENTS IN THE GDR, AND, IN THIS CONNECTION, INNER-GERMAN RELATIONS. BONDARENKO (RESPONSIBLE FOR THE FRG, BERLIN (WEST), THE GDR, AND AUSTRIA) CONCEDED THIS INDIRECTLY WHEN HE REVEALED THAT HALF OF HIS WORKING DAY WAS DEVOTED TO THE GDR AND AN ADDITIONAL 20 PERCENT TO INNER-GERMAN RELATIONS.

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II. THE GDR'S POLITICAL SIGNIFICANCE FOR MOSCOW

1. THE SOVIET POSITION TOWARDS THE GDR IS DETERMINED BY A FUNDAMENTAL INTEREST OF SOVIET FOREIGN POLICY, THE PRESERVATION OF THE POLITICAL STATUS QUO IN CENTRAL

EUROPE. POTENTIALLY, THIS COULD BE ENDANGERED BY ANY OF A NUMBER OF WARSAW PACT STATES (POLAND, CZECHOSLOVAKIA, AND TO A LESSER DEGREE, ROMANIA). NEVERTHELESS, IN CONFIDENTIAL

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SOVIET EYES THE GDR REPRESENTS THE MOST DANGEROUS DISRUPTIVE POTENTIAL

2. THE GDR, THE ADVANCED STRATEGIC GLACIS OF THE SOVIET UNION IN EUROPE, IS ALSO ITS "MOST UNNATURAL FORCED ALLY" OF ALL THE WARSAW PACT STATES. IN THE GDR THE COMMUNIST SYSTEM HAS ESTABLISHED ITSELF IN A HIGHLY INDUSTRIALIZED AREA WHICH, EVEN MORE THAN THE OTHER WARSAW PACT STATES, WITH THE POSSIBLE EXCEPTION OF BULGARIA, WAS NOT TRADITIONALLY ORIENTED TOWARDS THE EAST IN ITS CULTURE, RELIGION, AND ECONOMY, BUT TOWARDS CENTRAL EUROPE.

THE SOVIET UNION IS AWARE THAT, ALTHOUGH THE MAJORITY OF THE GDR POPULATION FOR NOW ACCEPTS THE STATE AND SOCIAL SYSTEM IN WHICH THEY LIVE AS A GIVEN, THIS IS NOT DONE OUT OF CONVICTION.

3. THE SOVIET ATTITUDE TOWARDS THE GDR IS THUS CHARACTERIZED BY LATENT MISTRUST. IN THE LIGHT OF THIS, THE STANDARD ASSERTIONS OF SPECIAL FRATERNAL TIES, ESPECIALLY WHEN MADE BY THE GDR LEADERSHIP, OFTEN SEEM ALMOST IMPLOING.

III. INNER-GERMAN RELATIONS FROM THE SOVIET PERSPECTIVE

1. GENERALLY SPEAKING, THE MAIN OBJECT OF SOVIET CONCERN IS THE GRADUAL PENETRATION OF THE GDR BY THE WEST, IN PARTICULAR BY THE FRG, AND THE DESTABILIZATION WHICH SUCH A DEVELOPMENT COULD CALL FORTH. SYMPTOMS OF SUCH PENETRATION ARE MEASURES (PROMOTED BY THE GDR GOVERNMENT) BY WHICH THE EAST GERMAN'S CONSUMER REQUIREMENTS ARE SATISFIED OR EVEN AROUSED. EXAMPLES ARE INTERSHOPS AND CONFIDENTIAL

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THE GOLF DEAL. OTHER SYMPTOMS ARE PHENOMENA WHICH OCCUR BELOW THE LEVEL OF GOVERNMENT CONTROL, BUT WHICH ARE OFFICIALLY TOLERATED, FOR EXAMPLE, THE DEVELOPMENT OF THE WEST GERMAN MARK AS A SECOND CURRENCY AND THE WATCHING OF WEST GERMAN TELEVISION. IN SOVIET EYES, THE INFLUENCE OF WESTERN TELEVISION IS THE SOURCE OF PARTICULAR CONCERN.

THE GDR POPULATION IS EXPOSED TO IT DAILY AND IN AN UN-CONTROLLED WAY. THEY THUS LEARN ABOUT EVERYDAY LIFE IN A WESTERN COUNTRY, SOMETHING FROM WHICH THE SOVIET UNION IN LARGE MEASURE SHIELDS ITS OWN POPULATION AND, TO A LESSER EXTENT, ALSO THOSE OF OTHER EAST BLOC STATES.

2. LATENT SOVIET MISTRUST TOWARDS THE GDR HAS INCREASED CONSIDERABLY AS A RESULT OF SOME OF THE EVENTS OF LAST YEAR. BIERMANN, BAHRO, AND THE MANIFESTO ARE CASES WHICH COULD ALLOW ONE TO CONCLUDE THAT OPPOSITION IN THE GDR HAS GROWN. CERTAIN ASPECTS OF THE MANIFESTO MADE IT A SERIOUS CASE OF OPPOSITION. FOR EXAMPLE, IT REPRESENTED CRITICISM BY AUTHORS WHO ARE MEMBERS OF THE SED OR WHO HOLD HONORARY OFFICES; IT HARSHLY CRITICIZED CONDITIONS IN THE USSR ITSELF; IT DIVERGED FROM IMPORTANT ELEMENTS OF MARXIST-LENINIST DOCTRINE; AND, WORST OF ALL, IT CALLED FOR GERMAN REUNIFICATION. THE ANONYMITY OF THE PAPER MAY HAVE ALLOWED THE SOVIETS TO PLAY DOWN ITS SIGNIFICANCE, AT LEAST TO THE OUTSIDE WORLD. IT MUST HAVE BEEN DISTURBING HERE, HOWEVER, EVEN SUPPOSING THAT IT WAS PUT TOGETHER BY THE EAST GERMAN STATE SECURITY SERVICE AS A REFLECTION OF REAL ATTITUDES IN THE GDR POPULATION AND PASSED ON BY IT TO "DER SPIEGEL." IN ITS INTERNAL EVALUATION THE SOVIETS HAVE NEVER EXCLUDED THE POSSIBILITY THAT THE ATTITUDES EXPRESSED IN THE MANIFESTO ARE AUTHENTIC. COMPETENT SOVIET DISCUSSION PARTNERS (KVITSINSKIY) HAVE CONCEDED TO US THAT IT WAS POSSIBLE THAT IDEAS LIKE THOSE IN THE MANIFESTO ARE CURRENT AMONG LARGE PORTIONS OF THE GDR POPULATION.

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3. THAT THERE ARE ELEMENTS IN THE GDR, WEAK ONES OF COURSE, WHICH STILL CALL FOR REUNIFICATION MUST SEEM ALL THE MORE PLAUSIBLE TO THE SOVIETS TO THE DEGREE TO WHICH THEY THEMSELVES, IN SPITE OF THEIR OFFICIAL STATEMENTS, PERCEIVE THE DIVISION OF GERMANY TO BE ARTIFICIAL. THE

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USSR IS AWARE OF THE THEORY THAT THE TWO GERMAN STATES
WILL BECOME CLOSER AS A RESULT OF A CONVERGENCE OF THE
EASTERN AND WESTERN SOCIAL SYSTEMS.

4. THERE IS AN ADDITIONAL ASPECT OF THE NATIONAL COM-
MUNIST REFORMIST TENDENCIES OF THE MANIFESTO WHICH THE
SOVIETS MUST HAVE NOTED WITH CONCERN. IN THE OTHER
SATELLITE STATES, FOR EXAMPLE, POLAND, SUCH TENDENCIES
CAN FOCUS ON THE EXISTING NATION-STATE WITH THE GOAL OF
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MAKING IT INDEPENDENT OF THE SOVIET UNION. IN THE GDR,
A LESSENING OF DEPENDENCY ON THE SOVIET UNION MEANS AT
THE SAME TIME THE REOPENING OF THE GERMAN QUESTION.

5. THE SOVIETS ARE PERPLEXED ABOUT THE METHODS USED, ON
THE ONE HAND-TO PACIFY THE GDR POPULATION AND, ON THE
OTHER, TO COUNTER SYMPTOMS OF THE DISSOLUTION OF THE
SYSTEM.

6. SOVIET MISTRUST ALSO EXTENDS TO THE GDR LEADERSHIP,

ALTHOUGH TO A LESSER DEGREE, EVEN THOUGH THE SOVIET AND EAST GERMAN LEADERS ARE NATURAL ALLIES BECAUSE OF THEIR MUTUAL INTEREST IN MAINTAINING THE STATUS QUO IN THE GDR. SOVIET FIGURES HAVE HINTED THAT THEY HAVE RESERVATIONS ("DISTANZIERTHEIT") ABOUT HONECKER. THESE FEELINGS ARE UNDOUBTEDLY STRENGTHENED WHEN THEY LEARN THAT HE MAINTAINS REGULAR CONTACT WITH OUR POLITICAL LEADERSHIP. SOVIET LEADERS MAY WELL OCCUPY THEMSELVES WITH TWO QUESTIONS ABOUT HONECKER. FIRST, WHAT INTERNAL DEVELOPMENTS WILL HE INTRODUCE OR TOLERATE IN ORDER TO BRING ABOUT A FURTHER LIBERALIZATION ("LOCKERUNG") OF THE EAST GERMAN SYSTEM? TO NAME THREE ARBITRARILY SELECTED EXAMPLES: IN THE LOCAL SOVIET VIEW, THE DRESDEN ART EXHIBITION SHOWS EXAMPLES OF ART WHICH WOULD BE INTOLERABLE IN THE SOVIET UNION; THE CRITICAL SOVIET PLAY "FEEDBACK" WAS BROADCAST ON GDR TELEVISION, WHICH THE SOVIETS HAD ALLOWED TO BE SHOWN IN A MOSCOW THEATER, BUT NOT ON SOVIET TELEVISION; AND A RELIGIOUS PROGRAM ON EAST GERMAN TV ON EASTER DAY. SECOND, WILL HONECKER ALLOW RELATIONS WITH THE FRG TO GROW CLOSER THAN THE SOVIETS WOULD LIKE TO SEE? THIS CONCERN IS MAGNIFIED BY THE FEELING PREVALENT IN THE SOVIET LEADERSHIP THAT IT HAS NOT ALWAYS BEEN ADEQUATELY INFORMED BY THE GDR ABOUT THE STATUS OF INNER-GERMAN CONFIDENTIAL

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NEGOTIATIONS. AMBASSADOR ABRASIMOV CLEARLY EXPRESSED THE RESERVED SOVIET ATTITUDE ABOUT INNER-GERMAN RELATIONS WHEN, AT A RECENT PRESS CONFERENCE WITH FOREIGN CORRESPONDENTS IN WEST BERLIN, HE WAS ASKED ABOUT THE POSSIBILITY OF A MEETING BETWEEN CHANCELLOR SCHMIDT AND HONECKER FOLLOWING THE BREZHNEV VISIT. HIS LACONIC REPLY WAS THAT THE SOVIETS WOULD NEITHER WELCOME IT NOR OBJECT TO IT.

7. THE SOVIET UNION WILL FOLLOW FRG-GDR RELATIONS, AND ESPECIALLY A VISIT BY CHANCELLOR SCHMIDT TO EAST GERMANY, WITH ATTENTION AND MISTRUST. ANYTHING ASSOCIATED WITH SUCH A VISIT WHICH INDICATED CLOSER RELATIONS BETWEEN THE TWO GERMAN STATES WOULD AROUSE SOVIET MISTRUST, WITH THE RISK THAT THE SOVIETS WOULD TAKE ACTION TO CONTAIN THE DANGER. THE SAME IS TRUE FOR AN INTERNAL RELAXATION IN THE GDR. FROM OUR PERSPECTIVE, IT WOULD THUS SEEM MORE ADVANTAGEOUS IN DISCUSSIONS WITH THE SOVIETS TO EMPHASIZE THE UNSATISFACTORY STATUS OF OUR RELATIONS WITH THE GDR AND TO POINT OUT THAT FRG-GDR RELATIONS HAVE A LOT OF CATCHING UP TO DO.

IV. USSR-GDR ECONOMIC RELATIONS

1. THE ECONOMIC TIES BETWEEN THE USSR AND GDR AS FIXED

IN THEIR FRIENDSHIP TREATY OF OCTOBER 7, 1975 ILLUSTRATE
THE GREAT SOVIET INTEREST IN THE UTILIZATION OF THE GDR'S
SCIENTIFIC AND TECHNOLOGICAL POTENTIAL. A DECREASE IN
SOVIET ECONOMIC GROWTH WITH A CORRESPONDING INCREASE IN
THE GAP BETWEEN THE USSR AND SEVERAL CEMA STATES CAN
ONLY BE PREVENTED BY AN INCREASE IN SOVIET PRODUCTIVITY.
THIS REQUIRES THE IMPORTATION OF MODERN TECHNOLOGY FROM
WESTERN COUNTRIES AND FROM THE ECONOMICALLY MORE-DEVE-
LOPED CEMA COUNTRIES. THE GDR THUS PLAYS A KEY ROLE IN
SOVIET FOREIGN ECONOMIC RELATIONS. IT IS THE SOVIETS,
LARGEST TRADING PARTNER (10.6 PERCENT IN 1977), AS THE
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USSR IS THE GDR'S LARGEST PARTNER, CONSTITUTING OVER
ONE-THIRD OF ITS FOREIGN TRADE.

2. THE INCREASE IN THE PRICE OF SOVIET RAW MATERIAL
EXPORTS BEGINNING IN 1977 AND THE SUBSEQUENT GDR NEED
TO INCREASE ITS EXPORTS IN REAL TERMS LED TO A DECLINE

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IN THE GDR'S RATE OF GROWTH. THE INCREASED COST OF IMPORTS OF SOVIET RAW MATERIAL AND ENERGY, ABOVE ALL PETROLEUM, HAVE NOT BEEN OFFSET BY INCREASES IN THE PRICES OF INDUSTRIAL GOODS EXPORTED BY THE GDR. AS A CONSEQUENCE THE TERMS OF TRADE HAVE SHIFTED SINCE 1974 AT AN INCREASING RATE IN FAVOR OF THE USSR. IT AMOUNTED TO GDR DEFICIT OF ABOUT 4 BILLION EAST GERMAN MARKS BY THE END OF 1977. IN PRACTICE, THIS AMOUNTS TO A MIDDLE-TERM SOVIET CREDIT TO THE GDR. IN ORDER TO COVER THE
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CONTINUING INCREASE IN THE SIZE OF ITS DEFICIT WITH THE USSR BY THE END OF THE CURRENT FIVE-YEAR PLAN (1980), THE GDR WILL HAVE TO MAKE CONSIDERABLE EFFORTS TO INCREASE THE VOLUME OF ITS EXPORTS, WHICH WILL REDOUND TO THE DETRIMENT OF ITS TRADE WITH THE WEST AND ITS OWN INTERNAL CONSUMPTION. GDR ECONOMIC CIRCLES IN MOSCOW SAY THAT THE GDR IS ATTEMPTING TO NEGOTIATE GREATER PRICE INCREASES FOR ITS MACHINE EXPORTS TO THE USSR. FRICTION BETWEEN SOVIET AND GDR GOVERNMENT AUTHORITIES HAS BEEN THE CONSEQUENCE.

3. AN ISSUE WHICH WILL ALSO BURDEN USSR-GDR RELATIONS IS THE GDR DESIRE TO RECEIVE ASSURANCES OF GREATER DELIVERIES OF SOVIET ENERGY AND RAW MATERIAL UNDER THE NEXT FIVE-YEAR PLAN (1981-85). ANOTHER ISSUE IS THE PRICE TREND FOR RAW MATERIALS, WHICH IS UNBEARABLE FOR THE GDR. DURING HIS RECENT VISIT TO MOSCOW, PRIME MINISTER STOPH IS SAID TO HAVE DEANDED OF THE SOVIET LEADERSHIP THAT THE USSR SHOULD RETURN IN ITS TRADE WITH CEMA TO A SYSTEM OF STABLE RAW MATERIAL PRICES, ESTABLISHED FOR THE TERM OF EACH FIVE-YEAR PLAN.

4. IN ORDER TO GUARANTEE CONTINUOUS SOVIET ACCESS TO HIGHLY DEVELOPED GDR TECHNOLOGY, THE USSR IS PRESSING THE GDR LEADERSHIP TO AGREE TO CONCLUDE A LONG-TERM PROGRAM OF SPECIALIZATION AND PRODUCTION COOPERATION TO 1990. "INTEGRATION" IN THE MACHINE INDUSTRY CREATES A MARKET FOR SOVIET MACHINES AND EQUIPMENT WHICH WOULD

BE DIFFICULT TO SELL IN THE WEST. SUCH AN AGREEMENT
WOULD INCLUDE THE GDR EVEN MORE IN SOVIET ECONOMIC
PLANNING THROUGH THE MECHANISM OF THE DIVISION OF LABOR
IN CEMA.

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AS EMERGES FROM HONECKER'S REMARKS OF FEBRUARY 17
AND THE RESULTS OF STOPH'S VISIT TO MOSCOW ON MARCH 6,
THE GDR OBVIOUSLY RESISTS SOVIET INTEGRATION PLANS
WHICH THEY FEEL GO TOO FAR AND LOOKS AFTER ITS NATIONAL
ECONOMIC INTERESTS, EVEN IN THE FACE OF SOVIET PRESSURE.
THE MARCH 28 VISIT TO HONECKER OF THE FIRST DEPUTY PRIME
MINISTER OF THE USSR AND CHAIRMAN OF THE USSR-GDR
ECONOMIC COMMISSION, TIKHONOV, SHOULD BE SEEN AS A
SOVIET ATTEMPT TO CLEAR UP THE DISAGREEMENTS WHICH HAD
DEVELOPED.

5. ACCORDING TO SOVIET SOURCES HERE, THE ATTEMPTS OF
HONECKER AND FORMER GDR PRIME MINISTER HORST SINDERMANN
IN 1975 TO STEER A MORE INDEPENDENT ECONOMIC COURSE
EVOKED SOVIET MISTRUST AND LED TO SINDERMANN'S REPLACE-
MENT BY STOPH. IT IS OBVIOUS, HOWEVER, THAT ECONOMIC
CIRCUMSTANCES ARE FORCING THE HONECKER-STOPH TEAM TO
DEVELOP ECONOMIC RELATIONS WITH THE WEST, AND
ESPECIALLY WITH THE FRG, AT A PACE FASTER THAN THE
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